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Introduction

This manual was written to provide a set of standardized accounting procedures for the administration of Student Activity and Campus Activity Accounts in all elementary and secondary schools in the Laredo Independent School District. This manual also includes the administration of discretionary expenditures directed by HB 3646, Section 67. The discretionary expenditures must be related to the District’s educational purpose and provide a commensurate benefit to the District or its students and meet the standards of Section 52, Article III, of the Texas Constitution, regarding expenditure of public funds. Principals, bookkeepers, student activity clerks, and other employees involved in the handling of these funds should become knowledgeable of the instructions prescribed in this manual.

The principal, teachers and clerical staff are placed in a position of trust by parents and students when funds are placed in their care. Adequate measures to control these funds will assure parents and students that the funds are handled properly.

Student Activity and Campus Accounts may not be used to circumvent the controls outlined in the Financial Operating Guidelines of the District’s Division of Finance. Purchases must comply with the District’s purchasing procedures and relevant statutes (see purchasing table A-15).

This manual replaces all prior publications regulating the administration of student and campus activity funds including all earlier editions of the manual itself.

General Information

General Principles Governing Activity Funds

Student Activity Funds and Campus Activity Funds, though similar in nature, are accounted for by separate means. Each school will have both a Student and a Campus Activity Fund. The reason for this is due to the growing number of student clubs at the elementary level. Student body funds and the funds of nonstudent organizations should never be commingled.

Transactions within Student Activity Funds will be processed using the accounting software program, SchoolBooks Web®. This software program (referred to as SB Web) will facilitate the processing of receipts and disbursements and will track all transactions. This program will also allow district administration access to all schools’ data.

Transactions within Campus Activity Funds will be processed using the district’s accounting software program, SAGE. This applies to all transactions related to a principal’s activity fund. All transactions pertaining to Campus Activity Funds are subject to the district’s Financial Operating Guidelines.
The sections below will discuss each activity fund in more detail.

Student Activity Funds

Student activity funds consist of money which is received and held by the school as trustee. These funds are raised by individual student groups and their disbursement is controlled by that group. Student activity funds are accounted for by the district as agency funds in compliance with the TEA Financial Accountability System Resource Guide. The basic purpose for the collecting or raising and expending of activity funds must be for the direct benefit of the students or for the general benefit of the school. Within this scope, funds are to be used to finance activities which supplement the educational curriculum of the District. Fund raising activities shall in general contribute to the educational experience of pupils and shall not conflict with the instructional program.

Student activity money, including interest earned on student accounts, shall be expended to benefit the student group which contributed to its accumulation. Student participation is an important factor in the management of money raised by the student body and expended directly for its benefit. Expenditures should be approved by the membership of the student organization.

The following are examples of acceptable uses of student activity funds:

1. Supplies and materials to be used by the student members of the group,
2. Entry fees and other expenses associated with competition and meetings,
3. Travel expenses and meals consumed by the student members and their adult sponsors (Travel disbursements must be documented by an LISD travel payment request form and reconciliation),
4. Membership in related organizations,
5. Flowers, cards, plaques or other such expressions of condolence or appreciation ($35 per item limit),
6. Charitable contributions (please use caution when donating money to non-profits), Student Activity funds must be for the direct benefit of the students’ nature of the clubs purpose.
7. Expenditures related to parties and other entertainment of the student members,
8. Equipment to be used by the student members of the organization,
9. Scholarships for LISD students only through Scholarship Fund 878.

Note that any equipment purchased with student activity funds will become the property of Laredo Independent School District and must be properly bar-coded (tagged) and included in the fixed asset inventory of the district.

Inappropriate expenditures of student activity funds include:

1. Any purchase not approved by the student membership of the group
2. Any purchase other than those listed above which benefits adult sponsors and does not benefit student members.

Disallowed activities include: bucket brigade, dances during school hours, lock-ins.

Funds derived from the student body as a whole shall be expended in a manner directly benefiting all students. The management of student activity funds shall be in accordance with sound business practices, including established budgetary and accounting procedures. Student organization do benefit from the district’s tax exempt status under the Internal Revenue Code.
District employees may volunteer and help their children’s Student Activity organization. They may participate as general members, but they shall never be responsible in any capacity over the club’s financial affairs, including an authorized signer on the club’s account.
Campus Accounts

Campus accounts (also referred to as Principal’s Accounts) contain funds raised at a particular campus which are managed by the principal or other campus administrator to support school-wide needs. These funds are accounted for as Campus Activity Funds as stipulated by the Financial Accountability System Resource Guide. Campus accounts must be spent to promote the general welfare of the school and the educational development of students. Principals may use these funds to supplement their budgeted district funds. Campus funds should not be spent to benefit any individual or non-student group.

The following are allowable expenditures of the Campus Account:

1. School furnishings and equipment which will benefit the student body,
2. School repairs, maintenance, and landscaping,
3. Postage and office supplies not reimbursable through the instructional budget,
4. Student body assembly or dance expenditures,
5. Emergency health or safety needs of students,
6. In-district mileage reimbursement for faculty/staff members on school business at the current district rate per mile provided a travel log is kept (a copy should be attached to the Check Request as documentation),
7. Out-of-town meals, lodging and travel expenditures for faculty/staff members who must accompany students provided that expenditures do not exceed the reimbursable limits established by the district’s travel reimbursement procedures (any travel disbursement must be documented by an LISD travel payment request form and reconciliation),
8. Check printing fees and bank service charges,
9. Awards such as plaques and trophies in recognition of students ($15 limit), volunteers for performance and services ($40 limit) to the school and/or district and related, reasonable reception expenditures such as the end of the year awards banquet, Golden Apple award ($35 limit).
10. Light snacks and refreshments such as vegetable/small appetizer trays and coffee for meetings where the school serves as host for other students and patrons including Open House, Parent Night, Instructional Night, “Head of the Class” and Student Advisory Council. No full meals will be allowed,
11. Advertising fees for recognition of achievement(s),
12. Educational field trips, meals, and other activities planned for the benefit of students. Educational field trips are planned instructional activities that involve students in learning experiences difficult to duplicate in a classroom situation and should provide hands-on activities which encourage students to experiment and ask questions. The field trip needs to support the Texas Essential Knowledge and Skills (TEKS). Recreational field trips are not allowable.
13. Electronic devices to motivate students to continue to achieve a particular goal (Incentives given to students must have prior approval by the Principal and documented using the Incentives Request/Approval Form (A-14)

Examples of appropriate educational field trips include:

- Curricular academic activities centered around math, science, and technology, such as service learning, internships, UIL competitions (robotics, math) or science and technology fairs
- Using laboratory and field investigation instruction to improve students’ understanding of science TEKS objectives
- Trips to a river, archaeological site, or nature preserve; it could include contracting with local science centers, museums, zoos, and horticultural centers for visits and programs
- Trips to the local library to increase access to high-interest reading materials
- Visits to colleges and universities to encourage interest in the pursuit of higher education
Disallowed Field Trips include:

- Field trips for social, entertainment or recreational purposes
- Field trips that are not part of a teacher’s lesson plan
- Field trips that are not reasonable in cost or are not necessary
- Field trips that are not properly documented as described above

The following expenditures of Campus Activity funds are strictly prohibited:

1. Purchase of a gift or awards for any person or organization related to appreciation events such as Teacher Appreciation Week, Counselor’s Week, Nurse’s Week, Board Recognition Week, etc. The use of the Faculty Club proceeds or donations is recommended,
2. Payment of district mileage to school employees, who already receive a monthly travel allowance,
3. Parties, luncheons and entertainment which serve no educational purpose,
4. Loans to anyone,
5. Donations, contributions,
6. Alcoholic beverages,
7. Advertising, except for recognition of an achievement,
8. Professional dues of an individual, unless there is a direct benefit to the campus or to a group of students,
9. Membership in private clubs,
10. Traffic citations, parking or toll charges (including bridge toll fees), auto repairs,
11. Stipends and monetary awards to employees,
12. Furniture for administrative offices,
13. Flowers for death (except in the case of a student), illness, or leave of absence,
14. Meals or expenses relating to a Parent Teacher Association or Organization,
15. Replacement of an individual’s property that was lost, stolen or damaged on the school or district premises or being used at a school or district function,
16. Recreational field trips,
17. Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings or staff trainings. The use of Faculty Club funds or potluck dishes (dishes, especially for a large group, to where participants bring various foods to be shared) for these purposes is encouraged.
18. All contracts (yearbook, phone, vending machines, etc.) must be approved and signed by the appropriate Executive Director or Superintendent. (Refer to the Procurement Department)

This list is not intended to be all inclusive. Principals should be guided by the principles addressed in this manual. Any questions concerning the appropriateness of a disbursement should be directed to the District’s Financial Management Department.

Sub-accounts

The term sub-account is used in this manual to indicate separate accounts within either the Student Activity or Campus Account. Sub-accounts are used to account separately for money belonging to individual student groups in the Student Activity Account or money that is designated for specific purposes in the Campus Account. It is important to maintain sub-accounts because money held for groups of students or for any specified purpose must be spent to benefit that same student group or for that intended purpose. Funds held in the various sub-accounts may not be commingled. If one sub-account is allowed to become overdrawn, it is, in effect, borrowing from the other accounts.

Examples of required sub-accounts are the following:

- Textbooks
- Cheerleaders
- Student clubs
• Grade level classes
• Band
• Other as required

Each student group will have a sub-account within the Student Activity Account. In addition, there should be at least one account that is used for the benefit of the student body as a whole. This account will be used for receipts and expenditures which benefit students but cannot be identified with any individual student group. Examples of these are interest paid on the account, bank service charges and the expense of purchasing checks for the Student Activity Account.

The Campus Activity Account will also consist of sub-accounts. Funds held for specific purposes will be accounted for separately. For example, money collected for the book fair will be accounted for in a separate sub-account.

Responsibilities

All campus personnel including principals, bookkeepers, secretaries, and faculty will be held responsible for any campus and student activity funds entrusted to them. Money (or property purchased with campus or student activity money) which is lost due to carelessness, theft, or fraud will be reimbursed by the responsible party. In the event that a possible violation is suspected to have occurred, it is important for the Internal Audit Department to be notified so that a proper determination is made.

The principal is responsible for the overall administration of the Student Activity and the Campus Accounts including bookkeeping, monthly reporting and compliance with the policies and procedures manual. The principal will approve all fund raising activities in advance and will monitor the activities by reviewing and signing the Fund Raiser Report. It is the principal’s obligation to see that all faculty sponsors have signed the Responsibilities of Faculty Sponsors of Student Groups (see appendix A-13) and that these forms are kept on file.

The campus bookkeeper or student activity clerk (or other designated employee) is responsible for the following:

1. Maintaining the accounting records as required in the policies and procedures manual;
2. Completing monthly bank statements and activity reports;
3. Issuing check requests when properly authorized by the principal;
4. Receiving money and processing receipts; and
5. Preparing deposits into the school’s bank account.

The bookkeeper or student activity clerk will advise the principal of situations where faculty sponsors continue to disregard required procedures. Note: The campus level employee who maintains the accounting records of the Student Activity and Campus Activity Accounts is referred to in this manual as the bookkeeper. Campuses which do not employ bookkeepers or clerks may interpret this as any employee designated by the principal to perform this function.

The faculty sponsor of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him/her. It is the obligation of the faculty sponsor to follow the procedures presented in this manual. This includes maintaining detailed financial records, completing the Fund Raiser Report to account for all fund raisers, and maintaining a positive balance in his/her account at all times. The faculty sponsor will sign the form titled Responsibilities of Faculty Sponsors of Student Groups (see appendix A-13) before undertaking any sponsorship of a student club or organization. He/she will agree and initial the paragraph which requests and instructs Laredo ISD to payroll deduct any money (or the replacement value of property purchased with student activity money) which is lost due to carelessness, theft or fraud. The forms will be filed at each campus.
The **Internal Audit Department** is responsible for auditing the Student Activity and Campus Activity Accounts periodically and for making recommendations to the Finance department and the principal concerning the administration of these accounts.

The **Financial Management Department** is responsible for monitoring the monthly activity and bank reconciliations for all campuses. The Finance Department will work with the campus staff to correct any deviations from the requirements of the policy and procedures manual and will inform the principal in the event that such deviations cannot be resolved by the bookkeeper. Due to practical constraints, GAAP principles may not always be strictly applied but are modified as necessary. The following are common modifying conventions that will be observed:

- **Materiality convention** – a modifying convention that relaxes certain GAAP requirements if the impact is not large enough to influence decisions. Users of the information should not be overburden with information overload.
- **Cost-benefit convention** – a modifying convention that relaxes GAAP requirements if the expected cost of reporting something exceeds the benefits of reporting it.

The Finance Department will compile each school’s audit scores in order to ensure the guidelines set forth in this manual are being properly followed. Effective 09/01/2010, if any school receives a score of **80 or below on any portion of the audit**, Finance will formally request a detailed internal audit and the following restrictions will apply:

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<th>Restrictions</th>
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<td>First Time</td>
<td>Only 3 fund raisers after the date of the I.A. report</td>
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<td>Second Time</td>
<td>Only 2 fund raisers after the date of the I.A. report</td>
</tr>
<tr>
<td>Third Time</td>
<td>Only 1 fund raiser after the date of the I. A. report</td>
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<tr>
<td>Fourth Time</td>
<td>No fund raisers will be allowed for one year</td>
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***** Restrictions shall be in place regardless if a change in principal occurs *****

Example: Internal Audit visits a campus on 09/10/2011 to audit the period of 09/01/2010 – 08/31/2011. A score below 80 is noted in one of the audit sections; the school will be First Time offender and will be restricted up to 3 fund raisers after the date of the internal audit report. Internal Auditor visits the same school on 01/02/2012 and notes a score of 80 on one of the audit sections, again; the school will be Second Time offender and will be restricted to 2 fund raisers from the date of the internal audit report up to the next visit of the auditor.

Note: The scope of work may include prior periods.

**Auditing Activity Account Records**

All Student Activity and Campus Accounts will be audited periodically. Audit reports will be provided to the Board of Trustees, the Superintendent, the Finance Department, the appropriate academic leader, and the respective principal. An audit of the Student Activity and Campus Accounts will be conducted when a change of principal or bookkeepers occurs. It is the responsibility of the current principal to request an audit to be performed before clearing them of any responsibility in order to be clear before their last work day.

In addition, the principal may request an audit of the records of these accounts at any time.
The Internal Audit Department will periodically conduct Random Cash Audits to ensure that proper cash-handling procedures are adhered to. At the conclusion of the cash audit, the auditor will meet with the school principal to discuss the findings.

**RETENTION OF RECORDS**

All records should be kept current and in good order for a period of **three years** and available for audit at any time.

**Other Issues**

**Conflict of Interest**

All campus personnel including bookkeepers, student activity clerks and faculty sponsors who are involved in the disbursement of campus and student activity funds will sign a Conflict of Interest Disclosure (see page A-11.) These forms will be maintained at the campus for Financial Management Department and Internal Audit Review.

**Investing Campus and Student Activity Funds**

All investment transactions must be handled by the Finance Department in accordance with Board approved investment policies and procedures.

**Fixed Assets**

Fixed assets including computers, furniture, play ground equipment, scoreboards, etc. that are purchased with campus or student activity funds will become the property of the Laredo Independent School District and must be accepted by the Board of Trustees. It is the responsibility of the principal to ensure that the fixed asset is bar-coded and included in the fixed asset inventory of the district. The principal may assign the respective sponsors to coordinate the bar-coding [tagging] of fixed assets with the Fixed Assets Department.

**Donations**

Any donation of cash or property to a campus or campus organization must be properly documented by completing a Gift & Bequests Form within 30 days of receiving the donation, which will be presented to the Board of Trustees. The Finance Compliance Department has been assigned to report this activity. All interest generated will be allocated to the donor’s intended purpose. All donors will be acknowledged for their contribution to the district. Additionally, a thank you letter should be sent to the donor(s), as requested by the LISD Board of Trustees.

**Change in Administration**

Whenever a change in administration occurs (Principals and/or Assistant Principals), the following steps must be followed in order to process a change in signature cards with the district’s financial institution:

- a memorandum is sent to the Director of Financial Management from the Principal stating the change of new/deleted signers; the memo, and any necessary attachments, can either be faxed or e-mailed (phone: 273-1070; fax: 795-3252)
• a copy of the driver’s license and social security card of the new signers are sent along with the memo (faxed or mailed)

• the Finance Department will forward all necessary documents to the bank and the bank will subsequently notify Finance once the signature cards have been prepared

• Finance will advise the respective campus once signature cards have been issued (the cards may be picked up at the Finance Department and taken back to the campus for proper signatures then returned back to Finance).
Basic Records and Record Keeping Guidelines

The following is a list of forms which are to be used to provide adequate supporting documentation of the activity in these accounts. Detailed instructions on the use of these forms are included in subsequent sections of this manual. Reference is made below to the section which describes the use of the forms as well as to the page in the appendix where a blank copy of this form may be found.

1. **Check Request Form**  Used to document authorization to release a check. See Chapter 4 and Appendix A-4.

2. **Cash Receipt Books**  Pre-numbered receipt books which are used by bookkeeper to document all money turned into the office. See Chapter 5. [System-generated receipts using SB Web or SAGE may substitute for cash receipt books]

3. **Deposit Log**  A list maintained by the bookkeepers to document all deposits made to the bank. See Chapter 5 and Appendix A-6.

4. **Cash Receipts Voucher**  A record of a deposit given to the bookkeeper by a faculty sponsor. See Chapter 5 and Appendix A-5.

5. **Cash Receipts and Disbursements Journal**  A journal or record of each check written and each deposit made. See Chapter 7.

6. **Subsidiary Journals**  A journal as described in #3 which lists the checks and deposits of a particular sub-account. See Chapter 7.

7. **Monthly Activity Statement**  A report that shows the beginning balance, receipts, disbursements, and ending balance of each sub-account as well as the total for all accounts. See Chapter 7 and Appendix A-2.

8. **Fund Raiser Report**  A report used to document all fund raising activities. See chapter 6 and Appendix A-7.

9. **Incentives Request Form** – Form used to document incentives given to students. See chapter 6 and Appendix A-14.

10. **Inventory Sheet** – Form used to account for inventory. See chapter 6 and Appendix A-17.

11. **Money collected from students** – Form used to document collections from students. See chapter 5 and Appendix A-18.

12. **Money disbursed to students** – Form used to document disbursement to students. See chapter 4 and Appendix A-18.
12. **Returned check tracking form** – Form used to document returned checks. See chapter 5 and Appendix A-21.

13. **Vendor Packet** – Forms used to document the vendor’s tax ID number. See chapter 4 and Appendix A-3.

14. **Principal’s Summary Fund Raiser Report** – Form used to document and reconcile fund raiser

Any forms above that are available from *SchoolBooks Web or SAGE* Software Program may be utilized to satisfy the reporting requirements.
Bank Accounts

All student activity funds and campus funds will be kept at the LISD designated depository bank. Student activity funds and campus funds are accounted for separately and are kept in separate bank accounts. The account title must identify it as an LISD account and include the name of the school and must be imprinted on all checks and deposit slips. **All funds received will be deposited into the bank account and all disbursements will be made by check from the account.** The written authorization of the Chief Financial Officer or designee will be required to open new bank accounts and to make changes to existing accounts.

Each student activity bank account shall have at least three authorized check signers. Two signatures are required on the check of which one must be the principal unless the principal is physically absent (not present at the campus due to calling or creating an absence in the LAREDO ATTENDANCE & SUBSTITUTES MANAGEMENT SYSTEM.) Para-professionals will not have authority to sign checks. Each check must be manually signed and under no circumstances will checks be pre-signed or a stamp used. **No check will be signed until the check has been completely filled out with the date, payee, and amount.**

Monthly student activity bank statements shall be reconciled using the district-approved accounting software program and is to be completed by the bookkeeper/activity funds clerk. This is a standard under the FIRST rating system that will be monitored by the Financial Management Department to ascertain that the FIRST indicator is met. Schools that fail to reconcile the accounts on a monthly basis will not be allowed to maintain a separate checking account. While this duty is generally assigned to the bookkeeper, a student activity clerk, or to a secretary, it is the Principal’s responsibility to see that the reconciliation is completed on time and sent to the Financial Management Department by the 15th day of the subsequent month. In the event that a school is without the appropriate personnel to complete the reconciliation, the school principal should contact the Finance Department for assistance. The bank reconciliation must be signed by the person completing it as well as by the Principal.
Payments from the Student Activity and Campus Accounts

General Policies

All Student Activity expenditures shall be paid by check from the appropriate checking account using pre-numbered checks in numerical sequence. No checks will be written without prior authorization from the principal (and the faculty sponsor in the case of the Student Activity Account). Authorization will be in writing using the Check Request Form. Check requests from the Student and Campus Activity Funds will be processed in the following manner:

- Payments from Student Activity Funds

A Check Request Form will be prepared by the individual requesting the check and submitted to the campus bookkeeper/clerk for processing. If approved by the Principal, the bookkeeper/clerk will process the check using SB Web to issue a computer check. Checks for disbursements shall be generated twice a week on Wednesday/Friday. All supporting documentation shall be submitted by 10:00 a.m. one day prior to the check processing day. Request for emergency checks shall be kept to a minimum and shall be subject to approval only for extenuating circumstances.

- Payments from Campus Activity Funds

Payments from the Campus/Principal’s account will be made utilizing a purchase order via Sage or T-4 Payment Request Form. Employees making unauthorized purchases shall assume full responsibility for all such commitments. Please ensure that a properly drawn and issued purchase order is approved before the purchase. All payment requests will be subject to the district’s Procurement Policies.

Vendor packets shall be required and maintained at Procurement Dept. for ALL vendors. See Appendix A-3.

Checks will be made to a specific person, company or organization. Checks will not be made to “cash” or to the school itself. If an error is made and it is necessary to void a check the word “void” will be written clearly across the check and the signature lines will be cut off. Voided checks will be attached to the corresponding check stub in the check book or filed in numerical sequence with the other checks which have been returned by the bank.

A check may be issued to the person authorized (sponsor or other designated person) to make the purchases in an amount adequate to cover the estimated cost of the purchase. The sponsor or designated person will then be required to submit an invoice documenting the amount of the purchase. **Note: checks may be made payable to an employee when taking students on educational field trips.**

In the event that the amount of the check exceeds the cost of the purchase, a cash receipts voucher must be completed and the excess money deposited into the account from which the check was issued. The bookkeeper or student activity clerk will then issue a receipt to acknowledge the return of the excess money. An additional check will be issued when the estimated cost did not cover the expense.
Funds held for either the Student Activity or Campus Account may not be used to cash checks. This practice is strictly prohibited because check cashing is, in effect, a loan until the check has cleared the bank.

Purchases of a personal nature shall not be commingled with purchases made for District use. Personnel cannot use the District’s tax-exempt status to avoid paying sales tax on personal items. If an employee makes both personal and school related purchases from a vendor at the same time, the two purchases shall be rung up separately. **Sales tax will not be reimbursed.**

**Note:** The principal and sponsor shall be responsible for the proper administration of student funds in accordance with state and local law, District-approved accounting practices and procedures, and the TEA Financial Accountability System Resource Guide. ALL PURCHASES SHALL COMPLY WITH DISTRICT POLICY AND PROCEDURE.

**Check Request Form**

Before a check may be written from the Student Activity Account, it must be authorized in writing using the Check Request Form. The purpose of this form is (1) to provide authorization for the expenditure; (2) to document the purpose of the expenditure; (3) to identify the subaccount to be charged; and, (4) to verify that there are adequate funds in the sub-account to cover the check. Check requests from the Campus Activity Account shall follow the district’s purchasing guidelines and invoices (with pink copy of P.O.) shall be sent to Accounts Payable for payment. Checks are printed Monday and Thursdays and cutoff time is 3:00 P.M. Division of Finance determines when vendors get paid. Request for transfer of funds in the Campus Activity Accounts must be send via email to the Financial Management Department office before 3:00 P.M. on Mondays and Fridays. Requests received after 3:00 P.M. on Friday/Monday will be processed until the following Monday or Friday.

The Check Request Form must be signed manually by the principal, the faculty sponsor, and the club treasurer in the case of Student Activity funds. **Under no circumstances will a payment be authorized when there are not sufficient funds in the sub-account to cover the check.** Once the check is processed, the check number will be added to the completed Check Request Form.

No sub-account or checking account will be allowed to be overdrawn. Funds must be deposited immediately to cover overdrawn accounts.

The check request form is the instrument that provides authorization of the expenditure. All expenditures require receipts to document each purchase. Sponsors are required to submit receipts to the bookkeeper or the student activity clerk. Failure to provide receipts within 5 days may result in the following action:

1. No more checks will be issued to that sponsor; AND
2. A payroll deduction form will be submitted to the Payroll Office to deduct any unsubstantiated amounts. These amounts include, but are not limited to, those for which a receipt has not been provided. Receipts must be provided within 5 working days from the date a check is issued.
3. Absolutely no reimbursements will be allowed without prior written authorization from the principal.

The Responsibility of Faculty Sponsors of Student Groups Form includes specific language authorizing the District to deduct the unsubstantiated amounts from the sponsor’s payroll checks.
Additional Documentation

Every check written from the Student Activity must be documented further by some additional support. In most cases this will be an original invoice which will be presented along with the Check Request Form. It is advised that whenever possible the Principal insists that the invoice be presented before the check is written. The Principal is responsible for the proper documentation of all disbursements. Once the check has been released, it may be more difficult to obtain the appropriate documentation.

There are some cases when an invoice is not available in advance. The following is a list of alternative forms of support. The list is not all-inclusive. There will be other circumstances which are not covered here. In those cases the Principal should use his or her judgment to obtain the most appropriate written evidence that the expenditure was made to the payee named on the check in the amount indicated on the check and that it was made for a legitimate purpose.

1. A copy of an order form may be used when an order is placed and paid in advance. This could involve periodicals, supplies purchased for a student group, seminar fees, etc. If a receipt or statement documenting a payment is received later, it should be attached to the copy of the order form.

2. Money distributed to students on out of town trips must be documented by the signatures of the students on a Money Disbursed to Students Form A-19, which indicates the date, the amount received by each student, and other pertinent information. In this case the Check Request Form should indicate that the funds will be used for a travel advance. The list of student signatures must be submitted to the office no later than five school days following the trip. Money advanced to the sponsor, which is in excess of that used by the students, must be returned at the same time. The amount returned and the receipt number will be noted on the list of signatures.

3. In some cases a payment is made partly from the school account and partly by the LISD Accounts Payable Department. In those cases the original receipts and invoices must be submitted to the Accounts Payable Department. In order to properly document the expenditure from the Student Activity or Principal’s account, a copy of the original invoice or receipt should be attached to the Check Request Form. There must be a notation on the copy that the original was submitted to the LISD Accounts Payable Department.

4. When a purchase is to be made from a local vendor and the amount is not known in advance the person requesting the check should estimate as closely as possible the amount needed. Once the purchase has been made the receipt or cash register tape will be attached to the request. If there is money left over it will be turned in and documented with a receipt. If the amount was insufficient and the employee paid for part of the purchase with personal funds an additional Check Request Form will be completed which will reference the original check and Check Request Form. The reimbursement check will be made out to the employee.

5. Teachers or other employees who expect to be reimbursed by the Campus or Student Activity Account for purchases they make on behalf of the school or a student group must be sure that the expenditure is approved in advance by the Principal. The Check Request Form is to be used for this purpose.
This additional documentation is critical in maintaining control over the student activity and campus accounts. It is the responsibility of the sponsor or other designated employee who requests a check to provide all of the support required in this section. However, it is ultimately the Principal’s responsibility to see that these requirements are met. Principals should enforce these procedures by withholding additional checks to sponsors who have not provided documentation required for checks written previously.

**Voiding Outstanding Checks**

It will occasionally be necessary to void a check which has been outstanding for a more than six months, has been lost, or has been returned for some reason. The following steps should be followed:

1. If the check has been lost, a Stop Payment order should be requested from the Financial Compliance Department if the amount of the check is greater than the stop payment fee ($25) by filling out the check Inquiry form (A-23).

2. There is a $25 fee for applying a stop payment to a check. The $25 fee needs to be charged to the vendor by reducing the amount of the check owed. The school then needs to issue a check payable to Laredo Independent School District for $10 charging the student club account (the club that reissued the check). The other $15 out of the 25 fee stays in the student club account for the club that reissued the check.

3. A note should be made on the Check Request Form to include that the check has been voided, the date, and the reason for voiding the check. If a new check is being issued, note the check number of the new check as a cross reference. (The new Check Request Form will also note that the check is being issued as a replacement for a prior check. It will include the number of the original check as a cross reference.)

4. Financial Compliance Department will then void the check on SB Web under the MANUAL/VOID CHECK ENTRY option so that the software program properly tracks the transaction. The current date should be used as a voided date.

4. If the voided check is available, mark it “void” across the face of the check, cut off the signature lines, and staple it to the corresponding stub in the check register or file it in numerical sequence with the canceled checks received from the bank.
Student Activity Clubs Formation

The following are the steps a sponsor should follow when forming a new Student Activity Club:

1. Create the club’s Constitution/By-laws
2. Complete and submit the Club Formation Approval Form (see appendix A-21) together with the constitution and by-laws to school principal
3. Complete and submit the Justification of Bona Fide Club Form which is found in Workflow and due by September 28, 2012 to the Director of Elementary or Secondary Education (If Student Club will be fund raising).
4. Complete and submit SchoolBooks New Club Account Form to school bookkeeper. Copies of the Club Formation Approval Form, Justification of Bona Fide Club Form and Club’s Constitution/By-laws must be attached to the form.

Bookkeeper must review package for completeness and Submit to Financial Management Department attention Campus and Student Activity Accountant. Accounting staff will email school principal, sponsor and bookkeeper with club’s account.

All existent Student Activity Clubs must submit a copy of the Club Formation Approval Form and the club’s Constitution/By-laws by September 28, 2012 to the campus bookkeeper.
Receiving Cash

In order to maintain control over cash received, **at least two persons** must be involved in the functions of collecting, documenting, and depositing cash. This is accomplished by having teachers or sponsors collect from the students, support the amount collected by completing the Cash Receipt Voucher and other supporting documentation described below, and submit the cash to the bookkeeper for receipt and deposit. A **bookkeeper cannot accept cash that has not been counted and that is not properly supported by a completed Cash Receipt Voucher.**

The bookkeeper and/or student activity clerks should NOT be responsible for any student fund raising activity or for collecting for things such as lost textbooks, summer school fees, parking permits, cell phones, athletic event tickets (i.e. Football, etc). When one individual collects money from students, makes receipts, deposits the money in the bank, and then reconciles the bank statement, internal control over cash receipts has been impaired. When there are two bookkeepers, one should receive cash and allow the other to recount it, make the receipt and the deposit. When there is only one bookkeeper (or one secretary who performs the functions of a bookkeeper) this employee should not perform the incompatible functions described above.

**Collection of Money by Persons Other Than the Bookkeeper**

Teachers, librarians, and/or others as authorized by the principal, may collect money for such items as lost books, fines, student dues, yearbook and other sales. In such instances the following procedures shall apply:

1. When sponsors and other employees are collecting cash they shall complete the Cash Receipt Voucher. This form is necessary to document the origin of the funds deposited.

2. In some instances the sponsor (or other employee) is collecting money that is owed by individual students. Examples of this are, (1) collecting for merchandise that was ordered for a student, such as a yearbook; (2) collecting for merchandise that has been given to the student to sell, such as pop corn; or, (3) collecting class or club dues. The employee collecting cash will further support the amount received by making a list of the names of the payers and the date and purpose for which the money was received. (See Appendix A-18.) Sponsors who anticipate collecting funds frequently throughout the school year should purchase a tablet and use it exclusively for this purpose. It is the sponsor’s responsibility to maintain these records and to make them available to the Principal, the Financial Management Department, and to the Internal Auditor upon request. These records must be turned over to the bookkeeper or student activity clerk to support money collected. A cash receipt voucher form A-5 should be used for this purpose.
Note: It is not necessary to complete this list for activities such as concession stand sales, book fairs, and school store sales where it is neither necessary nor feasible to record each individual payer.

3. When the list described in #2 above is used, the sponsor should be sure that the total on the list of students is the same as the total indicated on the Cash Receipt Voucher.

4. If checks are collected, the number of the sub-account will be entered on the upper left-hand corner of the check for identification purposes in the event it is returned by the bank.

5. The original Cash Receipt Voucher must accompany funds collected when being turned over to the bookkeeper. The sponsor will keep a copy to document that funds were given to the bookkeeper.

6. Collections must be submitted to the bookkeeper daily. Teachers may not keep student funds overnight. If unable to deposit promptly, the funds must be kept on the school’s safe.

7. All money collected must be submitted to the bookkeeper in the same form as collected. The employee’s personal check may not be substituted for cash collections.

**Receipt of Money by the Bookkeeper**

The following procedures shall be followed by the bookkeeper or student activity clerk when funds are received for deposit into the school’s bank account:

1. Funds that are received for deposit will not be accepted after 3:30 p.m.

2. The bookkeeper will count the money in the presence of the person turning in the funds to ensure agreement with the Cash Receipts Voucher. The bookkeeper will reconcile the amount received with the Cash Receipts Voucher.

2. The bookkeeper will prepare a receipt and issue it to the employee who turned in the cash. (This procedure is detailed below.) The bookkeeper will initial and write the date, the amount, and the receipt number on the Cash Receipt Voucher and return it to the sponsor with the Cash Receipt.

3. Checks received for deposit will be immediately endorsed with the statement “For Deposit Only” and the account number. The bookkeeper will check to see that the sub-account number is written in the upper left-hand corner of the check.

**Cash Receipts**

For all cash transactions within Student Activity accounts, the accounting program, SchoolBooks Web should be used for processing. For all cash transactions within Campus Activity Accounts, SAGE should be utilized for processing.
The following procedures should be followed in the event that system-generated receipts cannot be processed. The receipts issued will be pre-numbered and prepared in triplicate. Pre-numbered receipts must be used in consecutive order so that each receipt in a book is accounted for. The original receipt is issued to the individual who submitted the cash. The first copy is filed along with all of the financial records by student group in the school office. The second copy remains in the receipt book to provide a chronological record of cash received.

Receipts will be prepared in ink and will always be legible. If it is necessary to make a correction to a receipt, the bookkeeper will void that receipt by writing “void” across the face of the receipt and begin a new receipt. The original and all copies of voided receipts will be maintained in the receipt book. Each receipt will be issued to no more than one person.

Receipts provide the written proof that cash has been received in the office. They are pre-numbered to provide control over cash receipts. When not in use, the receipt books should be secured in a locked drawer. The bookkeeper is responsible for maintaining an adequate supply of receipt books and to see that they are used in numerical order. Standard receipt books will be obtained from the Financial Management Department.

**Bank Deposits**

Bank deposits shall be made by the bookkeeper or other designated employee on a daily basis, unless there is less than $100 to be deposited; however, all money received should be deposited at least once a week, regardless of the amount. Only secondary schools will be subject to the armored car pick up schedule. Elementary school bookkeepers/clerks are being provided a vehicle allowance for the purpose of depositing any funds that have been received. Elementary schools will be provided with a safe and is to be used to safeguard all money up until the time when it is properly deposited at the bank. The bookkeeper will count all cash and checks on hand. This total should agree with the total of all receipts issued since the last deposit. Any discrepancy must be reconciled immediately. The bookkeeper will draw a red line in the receipt book under the last receipt included in the deposit. The date and the amount of the deposit will be written on this line. This procedure allows the deposits to be traced from the bank statement or validated deposit slip to the receipt book and from the receipt book to the bank statement. The bookkeeper or student activity clerk shall require from the sponsor(s) a copy of all checks received at the time of delivery of checks to the bookkeeper or student activity clerk. It provides assurance that all cash received has been deposited.

Bank deposits will be prepared in triplicate. The original is sent with the deposit; one copy is maintained by the bookkeeper as a file copy, and the second copy remains in the deposit book as a chronological record of the deposit. The original deposit slip will be returned with the bank statement and should be filed with the statement. A Deposit Log will also be used to record the date and amount of deposit, the bag number (when applicable) and the name of the person making the deposit.

The following information must be indicated on the bank deposit slip:

1. The date and the amount of the deposit.
2. A list of each check in the deposit showing the maker’s name and amount.
3. A notation of the beginning and ending receipt numbers included in the deposit.
4. The bank deposit bag number (when applicable).
Whenever debit and credit memos are received from the bank for deposit shortages and overages should be traced to the appropriate sub-account within Student Activity funds. An adjustment on SB Web will be made to the sub-account using the ADJUSTMENT ENTRY option and should be processed as a positive amount for a credit and a negative (-0.00) amount for a debit.

If there are additional deposits processed after the armor car pick-up, the bookkeeper shall either notify campus administration that these deposits will be locked in the safe or submit the funds to campus administration. The bookkeeper will use the Relinquishment of Funds to Administrator (see Appendix A-23) to document the accountability of funds. Campus administration will be responsible for the deposit.

**Returned Checks**

A check which has been deposited may be returned unpaid by the bank for a variety of reasons. The district has contracted with Envision Payment Solutions to handle the collection of returned checks due to insufficient funds, with the following stipulations: checks will be guaranteed up to $300.00. Checks over the amount of $300.00 or for items deemed uncollectible, the following procedures will be required to account for these returned checks. See Appendix A-21:

1. The bookkeeper initiate form A-21 to determine which sub-account originally collected the check.

2. A copy of the check will be returned to the faculty sponsor for collection.

   An adjustment entry will be processed on SB Web. The adjustment entry will be entered as a negative amount (-100.00) and will be charged to the Returned Checks Clearing account (GL account #4005). The return check fee will be processed in the same manner, except the NSF Fee account (GL account #2002) will be charged.

3. On the cash disbursements journal, the amount of the check will be entered as a disbursement with a notation concerning the maker of the check and the date it was returned. A duplicate entry will be made in the appropriate subsidiary journal.

4. The returned check fee has been established at $25 per check. The sponsor shall be responsible for collecting this fee.

5. When the cash is collected by the sponsor, the original check will be released to the sponsor to be returned to the maker.

6. A receipt will be made as described above for the amount of the funds collected. The receipt will indicate that the amount is a redeposit and the original receipt number will be noted.

   **Once payment has been received, the deposit is to be credited to the Returned Check Clearing account (GL account #4005)** and the NSF Fee account (GL account #2002). The deposit will offset the adjustment entry in which the returned check was first acknowledged.

7. On the cash receipts journal, the amount of the redeposit will be entered as a deposit, with a notation identifying it as a redeposit and indicating the maker of the check. A duplicate entry will be made in the appropriate subsidiary journal.
Documenting Fund Raisers

Fund raisers can put a great deal of stress on parents and staff because often they end up doing most of the selling and buying. Therefore, each bona fide club, as approved by the principal, and Elementary/Secondary Directors will be allowed to conduct a maximum of two (2) tax free fund raisers in each school year. The Principal shall approve any additional fund raisers under certain circumstances. Each campus (Principal’s account) will be allowed to conduct four in house fundraisers per year. **No fund raisers will be initiated without the written authorization of the principal and Elementary/Secondary Directors.** In order to establish control over the funds raised by student and other groups all faculty sponsors are required to complete Section A of the Fund Raiser Report thirty days before the fund raiser start date via workflow for each fund raising project. Although the completed fund raiser report itself is the obligation of the faculty sponsor, the Principal is responsible for enforcing compliance with this requirement. *Monies fundraised will be deposited into the club subaccount in Schoolbooks as group profit with no individual credit.*

The Fund Raiser Report

The Fund Raiser Report will be used both to authorize and document fund raising activities. Thirty days before beginning any such activity, the faculty sponsor will complete Section A of the Fund Raiser Report which describes the type and purpose of the fund raising project via workflow. The Principal and Elementary/Secondary Directors will approve the workflow. The workflow will then be returned to the faculty sponsor. A copy of the workflow approval must be attached to the Fund Raiser Report.

Accounting for the Fund Raiser

Sponsors who are involved in fund raising activities have an obligation to account for all of the funds which are collected (or should have been collected.) The Fund Raiser Report provides a record of receipts and disbursements associated with a fund raiser. In the event that the sponsor is later questioned about the amount of money raised, the Fund Raiser Report will document the amount of cash received and that it was properly deposited. Related expenditures are also included on the report.

The sponsor will complete the Fund Raiser Report within ten (10) school days of the conclusion of the fund raising event. The number and selling price of the items sold are entered to determine the gross profit. When more than one type of product is sold, the sponsor will use the inventory sheet form A-17 to indicate each type of item, the selling price of each and the gross profit. All of the expenses incurred in the fund raiser will be documented on the report. Checks will be entered individually. If more room is necessary, the sponsor will use the back of the report or an additional sheet. No cash expenses will be allowed from daily fund raiser collections.

In some cases when merchandise is given to students to sell, the sponsor is unable to recover either the merchandise or the money. This is considered an expense of the project and will be entered in this section of the report. A list of students who did not pay must be attached to the report.
Enter the net profit on the Fund Raiser Report. The net profit of the activity is the gross profit less the expenses. All funds collected (less expenses paid in cash) must be turned over to the bookkeepers. Enter the number and amount of each deposit on the report.

Some activities involve a long collection process. The sponsor may collect small amounts from students over several months and deposit these with the bookkeeper. In this case it is recommended that the sponsor keep a log of amounts collected and deposited for each project (such as the one described on page A-10). As money is turned into the bookkeeper, the sponsor will draw a line under the last entry in the log, write the total of the deposit and the number of the receipt provided by the bookkeeper. The log will be continued below or on a subsequent page. Rather than copy all of the amounts and receipt numbers on the Fund Raiser Report, the sponsor may attach a copy of this log to the report.

After completing the Fund Raiser Report, the sponsor will sign it and submit it to the bookkeeper or student activity clerk or the Principal for review. Reports which are incomplete or which are incorrect should be returned to the sponsor. This report should be used by the Principals to evaluate the success of the fund raising activities and the ability of the sponsor to account for money fund raised. It should guide the Principal’s decisions concerning the approval of future projects. Once the report has been signed by the principal, it will be filed with the other accounting records of the student group. The faculty sponsor will keep a copy for his/her files. Note: It is the responsibility of the faculty sponsor to account for the fund raiser. Activity Reports will not be completed by the bookkeepers or student activity clerk.

**Petty Cash or Change Funds**
In some cases, it may be necessary to establish a petty cash or change fund to make change during a fund raising event. All petty cash or change funds will be handled as imprest funds. That is, the fund will be established by cashing a check for a predetermined amount. At the end of the event, the full amount (less any cash expenditures) will be re-deposited and identified as the imprest fund. Any petty cash expenditures will be documented with receipts, cash register tapes or other verifiable documentation. Expenditures not properly documented will be reimbursed by the sponsor.

**Supporting Documentation**
Faculty sponsors, bookkeepers, student activity clerks are required to keep all documentation of a fund raiser for five years. These records should be kept neatly with the Fund Raiser Report and be readily available for examination by the Principal, the Internal Auditor, or the Financial Management Department.

If any sponsor, bookkeeper or student activity clerk that leaves the campus or do not have these responsibilities for the subsequent year, they should turn any and all pertinent documents over to the Principal.

*Monies fundraised for the current school year should be used by the student club before the end of the year. On the last day of the district fiscal year, student club subaccount balances in the SchoolBooks will be limited to a maximum of $300 for rollover to the following school year. The funds of all Student Clubs with more than $300 will be transferred to the Principal’s account at the end of the district fiscal year. The only exceptions will be grade levels that are saving for a prom, yearbook clubs or a club with a special project. A club sponsor, who has a special project or would like to initiate one, must obtain approval in writing from the Chief Financial Officer. A proposed budget for the special project must accompany the request for approval.
Incentives for Students

Incentives will be used to motivate students to achieve a particular goal. Incentives given to students must have prior approval by the Principal and documented using the Incentives Request/Approval Form (A-14). Section A of the form must be fully documented by the person making the request prior to presenting it to the Principal for approval. If this merchandise is part of the inventory of a fund raising activity, you must attach a copy of this form to the Fund Raiser Report.

Incentives are limited to:

- Inexpensive instructional items (logos allowed)
- Inexpensive neck chains with tags of achievement (Caution shall be used to prevent a choking hazard)
- Inexpensive rubber bracelets (Caution shall be used to prevent a choking hazard)
- Drawstring backs – limit $2 each
- Leftover inventory of fund raising activity

Vending Machines

All proceeds from vending machines will be used to support student activities such as registration fees for co-curricular and extra-curricular events (competition). Incentives for perfect attendance such as bikes, iPods, skateboard, and instructional items are allowed (All eligible students must benefit from Incentive). Materials and supplies (includes shirts for safety control purposes and STAAR snacks for students) necessary for teachers to provide direct instruction are allowed. All food or beverages for staff are prohibited. HB 3646, Section 67, requires “the district to adopt a policy governing the expenditure of local funds from vending machines, rentals, gate receipts, or other local sources of revenue over which the district has direct control. The policy must require discretionary expenditures of local funds to be related to the district’s educational purpose and provide a commensurate benefit to the district or its students and meet the standards of Section 52, Article III, of the Texas Constitution, regarding expenditure of public funds.” As a result, CFD Legal and CFD Local were adopted.
Accounting Practices

This chapter describes the procedures to be followed to maintain adequate accounting records for both the Student Activity and Campus Accounts. The records described in this chapter will be maintained by the campus bookkeeper or other designated employee. They must be kept current and available for review by the Principal, the Financial Management Department, and the Internal Auditor. Campuses using the accounting software One Write Plus should follow the instructions provided by the Financial Management Department.

Cash Receipts and Disbursements Journals

Cash receipts and disbursements journals are used to record all expenditures and receipts of cash. Whenever a check is written, it should be entered into the cash disbursements journal in numerical order by check number. Other transactions which decrease cash may also be entered into the cash disbursements journal with a notation describing the transaction. Examples of these are entries to record bank charges, corrections of errors, and returned checks which do not clear the originating bank.

Deposits must be entered in a cash receipts journal to record the amount, date of the deposit, and receipt number. Other entries which may be made to the cash receipts journal are corrections of errors, re-deposits, and interest paid by the bank.

Cash receipts and disbursements journals may be kept as two separate journals (cash receipts and cash disbursements) or in a single journal. The district does not require that an LISD form be used. Schools may purchase their own ledger paper and enter the headings manually. The journal will include the date of the transaction, the amount, and, in the case of checks, the payee. Each sub-account will be represented by a separate column so that the transaction can be extended to the appropriate column.

Subsidiary Journals

Each sub-account will be accounted for in a subsidiary journal. A subsidiary journal is similar to a cash receipts and disbursements journal, except that there is a separate subsidiary journal for each sub-account. Each entry made into the cash receipts and disbursements journal will be duplicated in the appropriate subsidiary journal. At the end of the month, the total of the cash receipts and the cash disbursements in the subsidiary journals will equal the total cash receipts and cash disbursements in the cash receipts and disbursements journal. When this is the case, the journals are said to be in balance.

Transfers between Accounts

It is not necessary to write a check to transfer funds from one sub-account to another within the same bank account. However, the transfer must be documented by a Check Request Form. The Check Request Form will be completed by the bookkeeper or student activity clerk. It will be approved by the Principal and signed by the sponsor and treasurer (in the case of Student Activity funds) of the club which is transferring funds out. Even though transfers do not involve releasing checks, they are never to be made without the written approval of the Principal and the representatives of the club “spending” the money.
An entry will be made in the cash receipts and disbursements journal to record both the disbursement and the deposit. The notation “transfer” will be made along with a brief description of the reason for the transfer. Duplicate entries will be made in the subsidiary journals of both organizations.

**Monthly Activity Statement**

When all of the activity of the month has been entered into the cash receipts and disbursements journals and the subsidiary journals, and when these journals have been balanced, the Monthly Activity Statement may be completed. This statement contains five columns. The first lists all of the sub-accounts contained in the account. The second contains the beginning balance of each account for the reporting month. The next two columns contain the receipts and disbursements of each sub-account for the reporting month. These amounts will agree with the total lines in the cash receipts and disbursements journal. The final column contains the ending balances of each account for the reporting month.

This statement must be completed monthly and reconciled to the bank statement. Both the Monthly Activity Statement and Bank Reconciliation will be submitted to the Finance Department by the 15th working day of the subsequent month.

An Annual Activity Statement will be completed at the end of the fiscal year. The form will be the same used to complete the Monthly Activity Statement. The beginning balances will be the balances on September 1 of the reporting year. The receipts and disbursements will be the totals for each sub-account for the year. The ending balances will equal the ending balances at August 31 of the reporting year.

**Record Retention**

All of the accounting records related to the Student Activity and Campus Accounts, including all bank statements and related canceled or voided checks, all validated deposit slips, all receipts, all reports and journals will be retained for a period of three years following the end of each fiscal year. The LISD fiscal year ends on August 31.

Sponsors are required to meet with the bookkeeper or student activity clerk in order to clear any pending items related to student activities such as missing receipts prior to the end of the school year. At this time, the bookkeeper or student activity clerk should request that all binders containing student activity information be submitted by personnel that no longer serve as sponsors for the following school year.
Sales Tax

Public schools are exempt from paying the state sales and use tax. Therefore, public schools do not pay sales tax on items purchased for their own use. However, exemption from paying sales tax does not relieve public schools from the obligation to collect sales tax on taxable sales. In most cases when a school or school organization sells items to individuals which become the property of the individual, sales tax must be collected. Some items are specifically exempt from sales tax and there are some cases when sales which would ordinarily be taxable are exempt. These are discussed in more detail below.

The following description of taxable and nontaxable sales is adapted from the TEA Financial Accountability System On-Line Resource Guide.

Public schools and school-related organizations must collect sales tax on all sales which are not specifically exempt. For example, sales tax must be collected on the following:

- School purchased supplies sold directly to students including athletic equipment, uniforms, band supplies, t-shirts, jackets, and school supplies
- Fees for materials when the end product becomes a possession of the student
- Student publications such as yearbooks and football programs
- Articles such as pencils, cups, etc. with the school logo which are sold during fund raisers
- Books sold to students at book fairs

Remember that the items listed above are presented for purposes of illustration. The list is not intended to be all inclusive.

Public schools and school-related organizations are NOT required to collect sales tax on the following:

- Admission tickets, if the event is entirely for educational purposes. This includes sporting events and drama or musical performances by students. (An educational purpose exists when 100% of the proceeds from admissions go to an educational organization.)
- Student club memberships
- Sales of food and soft drinks that are:
  - Sold or served during the regular school day
  - Sold or served by a parent-teacher association during a fund-raising sale, the proceeds of which do not benefit an individual
  - Sold by a person under 18 years of age who is a member of an organization devoted to the exclusive purpose of education, and groups associated with public or private elementary or secondary schools as a part of a fund-raising drive sponsored by the organization for its exclusive use.
- Newspapers whose sales price per copy does not exceed $ .75; that are printed and distributed periodically at intervals of four weeks or less; for the dissemination of news of a general character and of a general interest. Of course, school newspapers which are not sold are not subject to sales tax.
One-Day Tax-Free Sales

Each school in the District, each organization within that school, and each outside organization affiliated with that school are allowed to have two one-day tax-free sales during a calendar year. One-day tax-free sales mean that collection and remittance of state sales taxes is not required on qualified sales on that day. The delivery of yearbooks to students on a single day qualifies a yearbook sale as a one-day tax-free sale even though the yearbooks were sold over a longer period. This rule can be applied to other fund raisers when the delivery is made to the students on a single day. Note that the time limit for the two (2) one-day tax-free sales is a calendar year which is from January 1 through December 31, rather than a school year.

While the sale of yearbooks can be selected as one of the two one-day tax-free fund-raisers, a book fair is usually not a qualified tax-free event because the school is not the actual seller. The school is acting as an agent for the vendor. The sale of items received from a vendor, in which the school and the respective vendor have an agreement that the vendor will take back any unsold items, would generally not qualify as a tax-free sale because the vendor is not an exempt organization.

The tax-free status of a one-day tax-free fund raiser must be so designated on the Fund Raiser Report and approved in advance by the Principal.

See Appendix 2 for “Texas Comptroller of Public Accounts” opinions on Sales Tax.

Collecting Sales Tax

Schools and school organizations must collect sales tax (currently 8.25%) on all taxable items. There are two ways to collect sales tax:

- The tax can be added to the selling price of an item. For example, if the selling price is $1.00, the school would collect $1.09 for each item sold. (ROUNDED)

- The tax can be included in the selling price. For example, if an item is sold for $1.00, including tax, the school would retain $0.90 and the remaining $0.0825 would be remitted as sales tax. (To “back out” the amount of the sale, divide the selling price by 1.0825. The sales tax is the difference between the amount of the sale and the selling price.) (ROUNDED)

Reporting Sales Tax

Each organization, class or club which sells merchandise must report its sales once the sale is concluded. The Sales Tax Report on page A-9 should be completed and turned into the campus bookkeeper no later than the last day of the month of the sale. The total sales, taxable and nontaxable, are reported on this form. Nontaxable sales and one-day tax-free sales are deducted from total sales to arrive at net taxable sales. If there is a sales tax liability, the bookkeeper will charge the appropriate organization when the check for sales tax is written.
The bookkeeper or student activity clerk will complete the Sales Tax Summary on page A-10. This form reports the total sales, both taxable and nontaxable, held on a campus. This report must be submitted monthly to the Financial Management Department along with a check for the total sales tax due by the **5th of each month**. The bookkeeper will charge each campus organization for its share of the sales tax. Copies of the sales tax reports completed by each organization reporting sales will be attached to the report. In the event that there are no sales to report, the bookkeeper will complete the form by writing the name of the school on line one and zeros across the columns to indicate that there were no sales to report.

The Financial Management Department will report taxable and nontaxable sales and remit the sales tax due to the State Comptroller’s Office.
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Other Issues

This chapter addresses additional issues which are relevant to Campus and Student Activity Accounts.

**Supplemental Payments to Employees for Services**

According to the Texas Education Agency, “A campus may find a need to compensate school district employees for services performed beyond their regular duties (i.e., maintenance employees who set up a school facility during off duty hours, school personnel judging contests outside of the normal school day, etc.). Such auxiliary services are those discharged by the employee in addition to their normal, specified duties and will usually be performed outside of regular work hours. These payments should **not be made directly to the employee**, but rather should be made though the district payroll office.” (Financial Accountability System Resource Guide)

Additional compensation such as that described above must be included in the employee’s paycheck. The campus should submit the request on an LISD Payment Request form. The campus will reimburse the district for the amount of the compensation as well as any payroll taxes, etc.

**Payments to Non-employees for Contracted Services**

When payments are made to non-employees for contracted services, a Contract for Consultant Services should be completed (see appendix A-12.) The form, which includes the name and social security number of the non-employee as well as a description of the services to be provided and the amount of compensation, must be completed before the services are rendered. At the end of the year, a list of all non-employees who were paid for contracted services must be sent to the Financial Management Department. The list must include the non-employee’s address and social security number and the amount paid during the calendar year. The Financial Management Department will aggregate the data from all campuses and issue 1099 Forms as required by the Internal Revenue Service. Note that club sponsors may not pay non-employees using either their own personal check or cash and then seek reimbursement from the activity fund.

**Yearbooks**

The cost of producing yearbooks should be recovered from the current year sales of yearbooks and advertising. It is the responsibility of the principal to supervise this activity. All yearbook orders including modifications of the original order must be authorized in writing by the principal. The cost of the yearbook must be constantly compared to the projected revenue from yearbook sales, advertising and other sources. It is recommended that principals meet monthly with the yearbook sponsors to monitor both the total cost of the yearbook and the total of revenue collected. In an effort to assist the yearbook sponsors, the Purchasing Department requests annual bids or proposals in order to obtain the best prices for the yearbook.
**Pictures Sales**

Picture fund raisers are an important event to the school and to the community in that it provides for recognition of the student’s growth and identification on an annual basis. Schools are encouraged to have picture events at their schools; however, the district’s Procurement Department will conduct a survey of picture needs and seek bids or proposals for each campus. The bid or proposal shall include a picture for all students and the offering of a basic –affordable package. Other packages may be offered as well. It is the responsibility of the principal to coordinate the supervision of this activity. Secondary schools must use the district’s approved vendors. Contact the purchasing department for additional information.

**Uniforms (Cheer Dance Groups)**

Cheer dance groups require their club members to make arrangements with the uniform companies to purchase the uniforms directly from the vendor separate from the school. If the cheer dance group sponsor is responsible for placing the uniform order, full payment must be collected for the total cost of the uniforms before submitting the uniform order. Please refer to the updated 10-11 Spirit Group Guidelines for additional information.
Other Funds

Sunshine Fund

Campuses may establish a Sunshine Club account in School Books. The account would be funded by voluntary donations from teachers and staff and only those contributing would be covered by the fund. These funds are not district funds and may be used in any manner. Purchases with these funds are subject to sales taxes as they represent personal purchases and not district purchases. Purchases typically include flowers for ill staff members, employee recognition awards, etc. These funds shall be deposited and expended from an Agency Fund (Fund 865).

Faculty Fund

Faculty Funds are defined as funds generated solely by and for the use of the school faculty, to be utilized and expended at their own discretion. Money contributed or generated by a school faculty may not be held in either the Campus or Student Activity Account. Faculty groups must maintain a separate bank account and may not use the employer identification number (tax ID number) of the district. All expenditures for hospitality, condolence, or other purpose which is for the sole benefit of the faculty shall be paid out of Faculty Funds. Fund raising events are encouraged to support activities during staff development meetings/trainings and/or Appreciation Weeks. The revenues in the account shall be obtained voluntarily. Faculty fund raisers should be targeted only to office staff, teachers and members of the community, not to the students. Faculty fund raising events shall be limited to two (2) per fiscal year.

All regulations governing the receipt and disbursement of Activity Fund moneys are applicable to Faculty Fund transactions. However, control of these moneys rests primarily with the staff.

The sales tax exemption cannot be claimed for purchases from the Faculty Fund for gifts, condolences or other such items of a personal nature.

Parent Organizations

Funds raised by outside groups such as PTA, Booster Clubs, and so forth are the responsibility of the officers of each particular organization. The TEA Financial Accountability System Resource Guide states that using the resources of the school district to account for such funds could be in violation of the section of the Texas Constitution that prohibits the appropriation of public funds for individual or private purposes. Funds belonging to these groups will not be accounted for either in the Student Activity or in the Campus Accounts (Texas Education Agency Financial Accountability System On-Line Resource Guide). On August 27, the district will post the Booster Club Guidelines to assist Booster Clubs in meeting District, University Interscholastic League (UIL), state and federal requirements. A list of all officers should be forwarded to the Financial Management Department for each school year. Principals/teachers/coaches/staff should be limited to an advisory role only within such organizations.
Parent organization group fund raisers may take place on campus. In addition, please refer to http://www.irs.gov/charities/ and http://www.cpa.state.tx.us/taxinfo/exempt/index.html to complete the required forms in order to obtain the proper 501(c)(3) designation.

The district’s Risk Management Department can provide contact information if any outside organization wishes to purchase liability coverage [crime coverage].
Appendix

The following pages (pages A-1 through A-14, A-21, and A-23) contain the blank forms referred to in this manual.

A-1 Bank reconciliation form
A-2 Monthly activity report
A-3 Vendor Packet
A-4 Check request form
A-5 Cash receipt voucher
A-6 Sample deposit log
A-7 Fund Raiser Report
A-8 Sample cash receipts log
A-9 Sales tax report
A-10 Sales tax summary
A-11 Conflict of interest disclosure
A-12 Contract for consultant services
A-13 Responsibilities of Faculty Sponsors of Student Groups
A-13ii Responsibilities of Bookkeeper
A-14 Incentives approval form
A-15 Purchasing table
A-16 Principals summary of fund raising activities
A-17 Inventory sheet
A-18 Money collected from students
A-19 Money disbursed to students
A-20 Returned check tracking form
A-21 Club Formation Approval Form
A-23 Relinquishment of Funds to Administrator
Appendix

A-22  Comptroller of Public Accounts – Opinions on Sales Tax